

Remarks

The Office Action mailed October 6, 2005 has been carefully reviewed and the following remarks have been made in consequence thereof.

Claims 1-20 and 22 are now pending in this application. Claims 1-22 stand rejected. Claim 21 has been canceled.

In accordance with 37 C.F.R. 1.136(a), a three-month extension of time is submitted herewith to extend the due date of the response to the Office Action dated October 6, 2005, and made final, for the above-identified patent application from January 6, 2006, through and including April 6, 2006. In accordance with 37 C.F.R. 1.17(a)(3), authorization to charge a deposit account in the amount of \$1,020.00 to cover this extension of time request also is submitted herewith.

Applicant and the undersigned wish to express their appreciation to the Examiner for the courtesies he extended during a recent telephone interview, wherein the Office Action dated October 11, 2005 was discussed. During the interview, the undersigned advised the Examiner that the present case has a sister-case recently allowed by the U.S. Patent Office. The sister case is U.S. Patent No. 7,003,491 Methods and Systems for Collections Model for Loans. The undersigned further advised the Examiner that the presently pending claims include the allowable subject matter from the allowed sister-case.

Accordingly and for the reasons set forth below, Applicant submits that the present case is in condition for allowance.

The rejection of Claims 1-22 under 35 U.S.C. § 103(a) as being unpatentable over Freedman et al. (U.S. Patent No. 6,249,775) ("Freedman") in view of Forbes (U.S. Patent No. 6,249,217) and Vig (U.S. Patent No. 6,038,554) is respectfully traversed.

Applicant respectfully submits that none of Freedman, Forbes or Vig, considered alone or in combination, describe or suggest the claimed invention. As discussed below, none of Freedman, Forbes or Vig, considered alone or in combination, describe or suggest a method for

re-marketing collateral securing a group of non-stationary asset-based loans that includes *incorporating management feedback into expectations of future performance* wherein management feedback includes *recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment performance of the borrower based on the recommended change in collection strategies*. Moreover, no combination of Freedman, Forbes and Vig describes nor suggests *updating the collections model based on the payment comparisons and the management feedback*, wherein the updated collections model *predicts future cash inflows for each loan included within the portfolio*, and wherein the updated collections model is configured to *apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months*. (Emphasis added).

Freedman describes a method for mortgage and closed end loan portfolio management in the form of an analytic tool designed to improve analysis of past and future performance of loan portfolios. The method includes aggregating loan units into loan vintages, wherein the loans in each vintage originate within a predetermined time interval of one another. The method further includes comparing different vintages to one another in a manner such that the ages of the loans in the different vintages are comparable to one another. An early warning component of the system predicts delinquency rates expected for a portfolio of loans during a forward looking time window. A matrix link component of the invention combines the loan vintage analysis with the early warning component of the invention and predicts the default rate of the loan portfolios at a selected future point in time. The results of the analysis are graphically depicted and/or automatically feedback to provide "yes" or "no" decisions regarding investments in various loan portfolios.

Forbes describes a method of securing collateral for a loan wherein the collateral is a vehicle. The method includes installing a transmitter within the vehicle. The transmitter is capable of transmitting location data regarding the vehicle. The status of the loan is monitored for a default condition. A data link is established from a base terminal to the transmitter of the vehicle upon an occurrence of the default condition in the loan status. Location data is

transmitted from the transmitter of the vehicle to the base terminal via the data link. The location of the vehicle is determined from the location data transmitted to the base terminal. The vehicle can then be confiscated.

Vig describes a computer-assisted valuing system for discovering both an entity's actual current societal monetary value and its contemporary monetary worth specifically to the inquiring individual person, group or corporation. The system provides a user with such target entity's retail and wholesale prices along with its true worth and specific value to the explorer. The system employs as a yardstick the NORM, which is the hypothetical unit in any group that is accurately calculated to be both precisely average in every one of its collectively discoverable characteristics and its price. The system compares any test unit in that group on a natural, quantified point basis to obtain such precise current monetary worth of any such test unit, employing an organic application of inductive statistics, accurate sampling, central tendency, and statistical inference. The system draws conclusions about surveying a constantly and factually representative community (such as the United States, 1999, for example). The system enables a prospective trader to compare the contemporary monetary values of any and all competing units in or out of any probed group, regardless of such competing units' respective current prices.

Claim 1 recites a method for re-marketing collateral securing a group of non-stationary asset-based loans using a computer system configured with a collections model and a re-marketing model wherein the group of non-stationary asset-based loans is included within a distressed loan portfolio, the method includes "categorizing each non-stationary asset-based loan included within the portfolio based on a prior month's payment of the corresponding loan, wherein the non-stationary asset-based loans include at least one of automobile loans, vehicle loans, and credit card loans . . . categorizing each loan included within the portfolio based on a contractual delinquency of the corresponding loan . . . utilizing the computer and the collections model to predict a payment behavior for borrowers of non-stationary asset-based loans included within a distressed loan portfolio, wherein the collections model is based on historical payment information of the borrowers, a plurality of collection strategies that may be utilized for collecting payment from the borrowers, and a delinquency category assigned to the loan . . . initiating at least one of the plurality of collection strategies with respect to the borrowers . . .

analyzing the borrowers' payment behavior after initiating the at least one collection strategy . . . comparing each of the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the same borrower and the delinquency category assigned to the corresponding loan . . . incorporating management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment performance of the borrower based on the recommended change in collection strategies . . . updating the collections model based on the payment comparisons and the management feedback, wherein the updated collections model predicts future cash inflows for each loan included within the portfolio, and wherein the updated collections model is configured to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months . . . deeming a number of the loans included within the distressed loan portfolio as uncollectable based on the borrower's payment behavior comparison and the updated collections model . . . pursuing repossession of the non-stationary assets used as collateral for the uncollectable loans . . . utilizing the computer and the re-marketing model to predict expenses incurred from repossessing each of the non-stationary assets used as collateral for the uncollectable loans including the expenses associated with locating each of the assets, storing each of the assets, and selling each of the assets . . . utilizing the computer and the re-marketing model to predict a value generated from repossessing and selling each of the non-stationary assets used as collateral for the uncollectable loans."

None of Freedman, Forbes or Vig, considered alone or in combination, describe or suggest the method recited in Claim 1. More specifically, none of Freedman, Forbes or Vig, considered alone or in combination, describe or suggest a method for re-marketing collateral securing a group of non-stationary asset-based loans that includes *incorporating management feedback into expectations of future performance* wherein management feedback includes *recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment*

performance of the borrower based on the recommended change in collection strategies.
(Emphasis added).

Moreover, no combination of Freedman, Forbes and Vig describes nor suggests *updating the collections model based on the payment comparisons and the management feedback*, wherein the updated collections model *predicts future cash inflows for each loan included within the portfolio*, and wherein the updated collections model is configured to *apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months*. (Emphasis added).

Rather, in contrast to the present invention, Freedman describes a method for mortgage and closed end loan portfolio management. Applicant respectfully submits in contrast to the assertion on page 16 of the Office Action, that mortgages and closed end loans **are not** non-stationary asset-based loans, but rather **are** stationary asset-based loans (i.e., real estate in a stationary asset). Accordingly, Applicant respectfully submits that Freedman does not describe nor suggest re-marketing collateral, nor collateral securing non-stationary asset-based loans.

Moreover, Freedman does not describe nor suggest a system wherein management feedback is incorporated into expectations of future performance wherein such management feedback includes recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment performance of the borrower based on the recommended change in collection strategies. Specifically, Freeman does not describe nor suggest a collections model that is based on a plurality of collection strategies that may be utilized for collecting payment from the borrowers, wherein the collections model may be updated to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months. Rather, Freedman describes a system wherein forecasts are projected based solely on results that occurred in the past, and with the expectation that the results will repeat themselves.

Furthermore, Applicant respectfully traverses the assertion at pages 3 and 4 of the Office Action that "it would have been obvious to one of ordinary skill in the art at the time the

invention was made to modify the teaching of Freedman” in view of the Forbes “to include plurality of collection strategies that may be utilized for collecting payment from the borrowers non-stationary asset based loans . . . pursuing repossession of the non-stationary assets used as collateral for the uncollectable loans, utilizing the computer and a re-marketing model to predict expenses incurred from repossessing each of the non-stationary assets used as collateral for the uncollectable loans including the expenses associated with locating each of the assets, storing each of the assets, and selling each of the assets, and utilizing the computer and the re-marketing model to predict a value generated from repossessing and selling each of the non-stationary assets used as collateral for the uncollectable loans taught by Forbes”

Specifically, in contrast to the present invention, as well as to Freedman, Forbes describes a method for retrieving vehicular collateral that includes installing a transmitter within a vehicle that serves as collateral for securing a loan, wherein the transmitter is capable of transmitting location data regarding the vehicle to a base terminal such that, if the loan is defaulted, the vehicle can be easily located and confiscated. Although Forbes is directed to a method for retrieving vehicular collateral, Forbes does not describe nor suggest using a plurality of collection strategies for collecting payment from borrowers, wherein the collections model may be updated to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months. Rather, in contrast to these assertions within the Office Action, Forbes merely describes a means of locating a vehicle that secures a loan such that, if the loan is defaulted, the vehicle can be easily located and confiscated.

With respect to Vig, the Office Action asserts at page 4 that Freedman and Forbes fail to teach a “re-marketing model to predict expenses incurred from repossessing each of the non-stationary assets used as collateral for the uncollectable loans including the expenses associated with locating each of the assets, storing each of the assets, and selling each of the assets, and the re-marketing model to predict a value generated from repossessing and selling each of the non-stationary assets used as collateral for the uncollectable loans,” and that “Vig discloses one of the important challenges this invention solves is calculating the relative true dollar values of many cars that offer varying attribute levels”

In addition, at page 5 of the Office Action it is further asserted that "it would have been obvious to one of ordinary skill in the art as the time the invention was made to modify the teaching of Freedman and Forbes to include re-marketing model to predict expenses incurred from repossessing each of the non-stationary assets used as collateral for the uncollectable loans including the expenses associated with locating each of the assets, storing each of the assets, and selling each of the assets, and utilizing the computer and the re-marketing model to predict a value generated from repossessing and selling each of the non-stationary assets used as collateral for the uncollectable loans taught by Vig". In contrast to this assertion, Applicant submits that although Vig describes a computer-assisted valuing system for discovering both an entity's actual current societal monetary value and its contemporary monetary worth specifically to the inquiring individual person, group or corporation, Vig does not describe nor suggest utilizing a re-marketing model to predict expenses incurred from repossessing each of the non-stationary assets used as collateral for the uncollectable loans including the expenses associated with locating each of the assets, storing each of the assets, and selling each of the assets, and/or utilizing the re-marketing model to predict a value generated from repossessing and selling each of the non-stationary assets used as collateral for the uncollectable loans. Moreover, Vig does not describe nor suggest using a plurality of collection strategies for collecting payment from borrowers, wherein the collections model may be updated to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior month

Because none of Freedman, Forbes or Vig describe or teach one or more of the claimed elements as discussed above, it follows that no combination of Freedman, Forbes and Vig describes or teach such claimed recitations. Accordingly, for at least the reasons set forth above, Claim 1 is submitted to be patentable over Freedman in view of Forbes and Vig.

Claims 2-10 depend from independent Claim 1 which is submitted to be in condition for allowance. When the recitations of Claims 2-10 are considered in combination with the recitations of Claim 1, Applicant submits that dependent Claims 2-10 are also patentable over Freedman in view of Forbes and Vig.

Claim 11 recites a system for re-marketing collateral securing a group of non-stationary asset-based loans included within a distressed loan portfolio, the system includes at least one computer, and a server configured with a collections model and a re-marketing model, wherein the server is configured to "categorize each non-stationary asset-based loan included within the portfolio based on a prior month's payment of the corresponding loan, wherein the non-stationary asset-based loans include at least one of automobile loans, vehicle loans, and credit card loans . . . categorize each loan included within the portfolio based on a contractual delinquency of the corresponding loan . . . access the collections model to predict a payment behavior for borrowers of non-stationary asset-based loans included within a distressed loan portfolio, the collections model is based on historical payment information of the borrowers, a plurality of collection strategies that may be utilized for collecting payment from the borrowers, and a delinquency category assigned to the loan . . . compare each of the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the same borrower and after the delinquency category has been assigned to the corresponding loan . . . incorporate management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment performance of the borrower based on the recommended change in collection strategies . . . update the collections model based on the payment comparisons and the management feedback, wherein the updated collections model predicts future cash inflows for each loan included within the portfolio, and wherein the updated collections model is configured to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months . . . deem a number of the loans included within the distressed loan portfolio as uncollectable based on the borrower's payment behavior comparison and the updated collections model . . . pursue repossession of the non-stationary assets used as collateral for the uncollectable loans . . . access the re-marketing model to predict expenses incurred from repossessing each of the non-stationary assets used as collateral for the uncollectable loans including the expenses associated with locating each of the assets, storing each of the assets, and selling each of the assets . . . and access the re-marketing model to predict

a value generated from repossessing and selling each of the non-stationary assets used as collateral for the uncollectable loans.”

None of Freedman, Forbes or Vig, considered alone or in combination, describe or suggest the system recited in Claim 11. More specifically, none of Freedman, Forbes or Vig, considered alone or in combination, describe or suggest a method for re-marketing collateral securing a group of non-stationary asset-based loans that includes ***incorporating management feedback into expectations of future performance*** wherein management feedback includes ***recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment performance of the borrower based on the recommended change in collection strategies.*** (Emphasis added).

Moreover, no combination of Freedman, Forbes and Vig describes nor suggests ***updating the collections model based on the payment comparisons and the management feedback***, wherein the updated collections model ***predicts future cash inflows for each loan included within the portfolio***, and wherein the updated collections model is configured to ***apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months.*** (Emphasis added).

Thus, Claim 11 is submitted as patentable over Freedman in view of Forbes and Vig for at least the same reasons provided above with respect to Claim 1.

Claims 12-20 and 22 depend from independent Claim 11 which is submitted to be in condition for allowance. When the recitations of Claims 12-20 and 22 are considered in combination with the recitations of Claim 11, Applicant submits that dependent Claims 12-20 and 22 are also patentable over Freedman in view of Forbes and Vig.

In addition to the arguments set forth above, Applicant also respectfully submits that the Section 103 rejection of the presently pending claims is not a proper rejection. Obviousness cannot be established by merely suggesting that it would have been obvious to one of ordinary skill in the art to modify Freedman using the teachings of Forbes and Vig. More specifically, as

is well established, obviousness cannot be established by combining the teachings of the cited art to produce the claimed invention, absent some teaching, suggestion, or incentive supporting the combinations. It is impermissible to use the claimed invention as an instruction manual or "template" to piece together the teachings of the prior art so that the claimed invention is rendered obvious. Specifically, one cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention. Further, it is impermissible to pick and choose from any one reference only so much of it as will support a given position, to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one of ordinary skill in the art.

As the Federal Circuit has recognized, obviousness is not established merely by combining references having different individual elements of pending claims. Ex parte Levengood, 28 U.S.P.Q.2d 1300 (Bd. Pat. App. & Inter. 1993). MPEP 2143.01. Rather, there must be some suggestion, outside of Applicant's disclosure, in the prior art to combine such references, and a reasonable expectation of success must be both found in the prior art, and not based on Applicant's disclosure. In re Vaeck, 20 U.S.P.Q.2d 1436 (Fed. Cir. 1991). In the present case, neither a suggestion or motivation to combine the prior art disclosures, nor any reasonable expectation of success has been shown.

None of Freedman, Forbes or Vig, considered alone or in combination, describe nor suggest the claimed combination. Rather, the section 103 rejection of Claims 1-20 and 22 over Freedman in view of Forbes and Vig appears to be solely based on a hindsight reconstruction in which isolated disclosures have been picked and chosen in an attempt to deprecate the present invention. Of course, such a combination is impermissible, and for this reason also, Applicant requests that the Section 103 rejection of Claims 1-20 and 22 be withdrawn.


Moreover, if art "teaches away" from a claimed invention, such a teaching supports the nonobviousness of the invention. U.S. v. Adams, 148 USPQ 479 (1966); Gillette Co. v. S.C. Johnson & Son, Inc., 16 USPQ2d 1923, 1927 (Fed. Cir. 1990). In light of this standard, it is respectfully submitted that the cited art, as a whole, is not suggestive of the presently claimed invention. Specifically, Applicant respectfully submit that Freedman, Forbes, and Vig each

teach away from the present invention, and as such, the combination of these references thus supports the nonobviousness of the present invention. More specifically, none of Freedman, Forbes, and Vig describes nor suggests the use of a system that includes incorporating management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment performance of the borrower based on the recommended change in collection strategies. Moreover, no combination of Freedman, Forbes and Vig describes nor suggests updating a collections model based on the payment comparisons and the management feedback, and/or when updating the collections model, applying a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months. As such, the presently pending claims are patentably distinguishable from the cited combination.

For at least the reasons set for above, Applicant respectfully requests that the Section 103 rejection of Claims 1-20 and 22 be withdrawn.

In view of the foregoing amendments and remarks, all the claims now active in this application are believed to be in condition for allowance. Reconsideration and favorable action is respectfully solicited.

Respectfully Submitted,



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